

PROGRAM-SPECIFIC REQUIREMENTS: CDBG & HOME

CDBG: SPECIFIC SUBMISSION REQUIREMENTS

Sources of Funds

See Listing of Proposed Projects & Resources for information on program income and revolving loan funds.

Float-funded Activities

Not Applicable

Locations

See Listing of Proposed Projects for information and Geographic Distribution Section of the Plan.

Contingency

See Listing of Proposed Projects for information on the contingency costs.

Urgent Needs

Not Applicable

HOME: SPECIFIC SUBMISSION REQUIREMENTS

Guidelines for Resale

The City of Cambridge has had considerable experience designing, administering, and enforcing limited equity agreements, i.e. resale agreements. It has been our experience over time that, depending on market conditions, unit locations, the base price of units, and the type of ownership, different forms of restrictions may be appropriate. Cambridge will work to continue to refine equity agreements to ensure that units remain affordable for the longest possible time.

For HOME-funded first time homeownership projects, the City of Cambridge will enforce resale restrictions for, at a minimum, the following terms:

- Existing property 15 years
- New construction 20 years

The City requires affordability for a minimum of 50 years and longer terms may be required, depending on the depth of the subsidy and whether other funding sources are used. It is a requirement of the HOME program that units remain affordable on turnover to a reasonable range of low-income buyers. The City of Cambridge will ensure that, upon resale, these conditions are met. This will be done through resale restrictions on owners, and additional write-downs of the sales price when required.

Resale restrictions on owners will be structured so that, in general, the owner can receive a maximum resale price upon sale that, after loan repayment, reflects the owner's equity contribution to the property. For condominium units, fee simple units, and units owned but subject to a ground lease, the maximum resale value may include the initial downpayment, debt repaid, the value of the approved capital improvements, and inflation adjustments on either the total unit price or any of the individual factors. Depending on whether other subsidies or low interest loans are used, equity may be reduced or disallowed for any of these factors.

Other Forms of Investment

The City of Cambridge plans to use one or more of the following forms of financial investment:

- Interest bearing loans
- Non-interest bearing loans
- Deferred loans (forgivable or repayable)
- Grants
- Interest subsidies (leveraging approaches, subject to C/MI constraints)
- Equity investments (downpayment assistance, etc.)

While the City does not anticipate using any other forms of investment, it will consider any that HUD approves.